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SUBJECT: STAFFDEL ANDERSON DISCUSSES REGIONAL ISSUES,
NUCLEAR DEAL WITH GOVERNMENT AND MEDIA COMMENTATORS

Summary

1. (SBU) Staffdel Anderson discussed a wide range of regional and domestic issues with government officials and non-governmental commentators during a visit to Delhi on June 1-4. A Ministry of External Affairs Joint Secretary justified India's relationship with Iran, emphasized its commitment to Afghan reconstruction, and expressed hope for improving relations with Pakistan. He advised that opening transit trade for some goods through Pakistan could be one small, practical step for the region. Member of Parliament Sachin Pilot painted a picture of a Congress Party fixated on domestic electoral issues, characterizing the nuclear deal as "on life support." He blamed unfulfilled promises to caste-based voting blocs by the current BJP government of Rajasthan for Gujjar unrest that continues to claim lives and disrupt parts of Rajasthan and Delhi. A variety of prominent think tank and media commentators took off the gloves to criticize the UPA government for inaction on the nuclear deal and to scrutinize challenges facing Pakistan. End summary.

Regional Issues: Iran, Afghanistan, Pakistan

2. (SBU) Ministry of External Affairs (MEA) Joint Secretary (Pakistan, Afghanistan and Iran) T.C.A. Raghavan on June 3 gave Anderson a tour d'horizon of India's bilateral relations with Iran, Afghanistan, and Pakistan. India's need for energy and Iran's rich hydrocarbon resources reinforce India's historic, cultural, and social ties with Iran, according to Raghavan. Pointing to Iran's role in Afghanistan, Raghavan opined that stability in Afghanistan depends on "keeping Iran on board," adding that there could be no progress in Afghanistan if both the Iran-Afghan and Pakistan-Afghan borders were troubled.

3. (SBU) Raghavan said that political uncertainty in Afghanistan was an issue of great concern to the Government of India (GOI). Talks between the Afghan government and Taliban affiliates like Hezb-e Islami Gulbuddin (HIG) had caused uncertainty among Afghans and created the impression that the government was weaker than it actually was. Raghavan valued India's extensive package of support to Afghanistan -- including medical services, election assistance, and electric power infrastructure -- at around 1.2 billion USD in real terms. India's people-to-people exchanges alone bring 1,000 Afghans per year to India for technical and civil service training, underlining that Afghans who studied in India were more likely to return to Afghanistan than those who studied in western countries. the

lack of transit trade through Pakistan was the most significant impediment to assistance, according to Raghavan necessitating sea-based shipments through Iran and expensive air lifts to avoid dangerous overland routes through Afghanistan.

14. (SBU) Turning to Pakistan, Raghavan said the composite dialogue process had eased tensions considerably. He noted that the Indian government had taken care to insulate the composite dialogue process from Pakistan's domestic politics.

India was not a factor in Pakistan's internal issues, and had not figured in the electoral process, Raghavan continued, adding that this was a good sign. Trade between the two countries had increased and people-to-people contacts were robust. Raghavan remarked that Pakistan had changed a great deal, and that modern technology -- especially Bollywood movies, cricket, and the internet -- played a role in breaking down barriers. Pakistan's foreign minister planned to visit India in June or July 2008 for the next round of dialogue. Raghavan explained that two understandings underpinned the success of the talks: Pakistan's commitment to oppose terror against India and mutual agreement that lack of progress on any one of the eight issues on the agenda would not hold up progress on other issues. Raghavan concluded that he hoped the composite dialogue process would be strong enough to survive Pakistan's current domestic turmoil, but added that we would have to wait and see.

15. (SBU) Warning that the Pakistani Army lacked a cohesive strategy for dealing with terror, Raghavan said that the Pakistani people were confused in general on whether

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terrorist groups in the Federally Administered Tribal Area (FATA) and Kashmir were assets or enemies. Asked what advice Raghavan would give the Government of Pakistan to address terrorism, he responded that reducing impediments to India-Pakistan trade would "bring down the temperature immediately" because everyone would be making money and have a normal incentive to prevent instability. Small steps -- such as delivering medical supplies from India to Afghanistan by road via Pakistan -- was one practical way to develop Indo-Pak relations and create a disincentive to support terror, Raghavan concluded.

MP Sachin Pilot: Congress Party Preoccupied with Elections
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16. (SBU) On June 3, Staffdel Anderson met with Congress Party Member of Parliament Sachin Pilot to discuss issues ranging from the current viability of the U.S.-India civil nuclear agreement to the political impact of the recent Gujjar community uprising in Rajasthan. Pilot said he would characterize the civil nuclear agreement as being on "life support." Prime Minister Singh is trying to convince coalition partners to support the agreement in the face of pressing domestic concerns such as state elections, inflation, food and oil prices, and terrorist attacks. Pilot said the Congress Party has no shortage of prominent personalities able to speak on national policy issues (such as the nuclear deal), but that the party was preoccupied with finding candidates able to bring in local votes. Pilot said that under a parliamentary system there is no such thing as a "lame duck" government, but noted that the Congress Party is facing what he termed a "crucial time."

17. (SBU) The Gujjar community uprising, which has paralyzed Rajasthan since May 23, is the result of the state's governing Bharatiya Janata Party's (BJP) failure to deliver on its unfulfilled and reckless campaign promise to increase affirmative action benefits made in its pursuit of caste-based voting blocs. Pilot expressed his belief that the reservation principle in the Indian Constitution is a sound policy to level the playing field, but that benefits should be allocated based on economic need rather than caste. The BJP has been damaged by its mismanagement of the Gujjar

issue in Rajasthan. Pilot predicted that the Rajasthan elections in November would lead to an increase in the share of votes for Mayawati's Bahujan Samaj Party (BSP) at the expense of the BJP, but that the Congress Party would benefit even more.

Commentators on the Nuclear Deal, UPA Government, Pakistan

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18. (SBU) In addition to the meetings with government officials, Anderson met with a range of media and think tank commentators. Professor P.R. Chari of the Institute of Peace and Conflict Studies said he "couldn't think of anything that would have been better for India than the nuclear deal," but that he was skeptical of its chances. Regarding Pakistan, he expressed his belief that following the Kargil incident the nuclear threat in the India-Pakistan relationship had both a positive effect in encouraging constructive dialogue as well as a negative effect by driving violent confrontation underground in the form of terrorism. He described the Zardari-Sharif partnership as a "coalition of thieves." Chari said the Pakistan army had "shown itself to be useless" in the FATA. He contended that the army remained fixated on the India threat and on developing conventional capabilities, unwilling to admit the scale of the internal terrorist threat and unprepared to fight a counter-insurgency. He observed that Pashtuns comprised 20 percent of the Pakistan army.

19. (SBU) Manoj Joshi, Senior Editor of the Mail Today, said the UPA coalition government had "run out of steam." He opined that the Congress Party is not good at coalition politics because they have little experience with it, and party leaders look upon its historical dominance with a sense of entitlement. Congress finds it difficult to align with regional parties because it is often in competition with them at the local level. Joshi said Sonia Gandhi and her family "run the party like they own it," but are "isolated like a medieval court." Despite her best efforts to promote Rahul Gandhi as the heir to the Nehru-Gandhi political dynasty, he

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has not risen to the challenge. Joshi said India has considerable potential, but cautioned that the government may be ignoring equally strong forces pulling in the other direction, such as regional political fragmentation. He cited a cautionary example: Argentina used to be among the richest nations in the world in the early 19th century, but proved unable to exploit its considerable potential over the long term. Swapan Dasgupta, Senior Journalist with The Pioneer, expresses similar skepticism, saying India faced tough economic and social decisions about infrastructure and the distribution of the benefits of development.

10. (SBU) Indrani Bagchi, Senior Columnist for The Times of India, observed that the political parties are fully "in election mode." The Congress Party in particular lacks a coherent policy agenda and is just trying to hold on to power until the elections. She said Indians are paying close attention to the U.S. presidential election for the first time, partly because of the transformation in the relationship over the last four years. Bagchi said Indians feel that "we have kept our noses clean in Pakistan for two years, but you (the U.S.) has not." She said Musharraf is of no political use any longer and should no longer be supported. The U.S. should "build more schools" and focus on FATA, leaving domestic issues, like status of the judges, to the government. She said that Indians increasingly believe that in Pakistan "governments come and governments go," and that they should only be concerned with Pakistan's domestic politics in so far as it affects terrorism in India. Bagchi said the real strategic concern is China. She cautioned that March 2009 marks the fiftieth anniversary of the Dalai Lama's flight to India, suggesting that unrest in Tibet will continue well past the 2008 Summer Olympics. Bagchi said many Indians are concerned about the Maoist government in Nepal, but she was more sanguine, saying that now that they

are in power they will be corrupted "so you can deal with them like politicians rather than idealists."

1111. (U) Staffdel Anderson has not cleared this cable.

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